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Message Text

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71
ACTION EUR-25

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SUBJECT: URANIUM ENRICHMENT.

1. MINISTER OF ENERGY, MINES AND RESOURCES, DONALD S. MACDONALD, ISSUED ON AUGUST 1 THE FOLLOWING STATEMENT ON THE GOC'S ATTITUDE TOWARDS THE ESTABLISHMENT OF URANIUM ENRICHMENT FACILITIES IN CANADA BY PRIVATE INDUSTRY.

BEGIN QUOTE
THE STATEMENT IS A RESULT OF SEVERAL ENQUIRIES RECEIVED CONCERNING THE GOVERNMENT'S ATTITUDE TOWARDS CONSTRUCTION OF URANIUM ENRICHMENT FACILITIES IN CANADA BY PRIVATE INDUSTRY.

THE CANADIAN NUCLEAR POWER PROGRAMME USES NATURAL URANIUM AS ITS BASIC FUEL AND AN INDUSTRY MANUFACTURING ENRICHED URANIUM WOULD RELY PRIMARILY ON EXPORT MARKETS. AN ENRICHMENT PROJECT COULD NOT BE CONSIDERED AN ESSENTIAL NATIONAL PROJECT IN CANADA REQUIRING GOVERNMENT OWNERSHIP OR SUBSIDIZATION AS IT MIGHT IN MANY OTHER COUNTRIES DEPENDENT FOR A SUBSTANTIAL FRACTION OF THEIR FUTURE ENERGY NEEDS ON ENRICHED URANIUM FUEL. ITS VALUE WOULD BE MEASURED BY THE EXTENT OF CANADIAN PARTICIPATION THROUGH THE MACHINERY AND EQUIPMENT INDUSTRY, THE INVOLVEMENT AND DEVELOPMENT OF ENGINEERING AND TECHNOLOGY,
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THE EMPLOYMENT OF CANADIANS IN BOTH THE CONSTRUCTION AND

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OPERATING PROCESS, THE POSSIBLE ADVANTAGE TO OUR URANIUM INDUSTRY, THE TAXATION REVENUES TO THE COUNTRY AND OVERALL BENEFIT.

IT WOULD BE IN ESSENCE A SECONDARY INDUSTRY IN WHICH A RAW MATERIAL OF EITHER DOMESTIC OR FOREIGN ORIGIN WOULD BE FURTHER PROCESSED, AND ITS ECONOMIC WORTH WOULD DEPEND ON THE FRACTION OF THE SALES REVENUE WHICH WOULD ACCRUE AS INCOME TO CANADIANS.

ANY CANADIAN URANIUM ENRICHMENT PROJECT WOULD BE SUBJECT TO CONTROL BY THE FEDERAL GOVERNMENT THROUGH THE ATOMIC ENERGY CONTROL ACT TO ENSURE THAT CANADA'S OBLIGATIONS REGARDING THE PEACEFUL USES OF ATOMIC ENERGY WERE FULFILLED, AND TO ENSURE SAFETY OF WORKERS AND THE PUBLIC.

IN VIEW OF THE UNCERTAINTIES AND EXPENSE IN DEVELOPING INDEPENDENT ENCIRHMENT TECHNOLOGY, ANY COMPANY ENTERING SUCH A BUSINESS WOULD PROBABLY WISH TO USE THE TECHNOLOGY WHICH HAS ALREADY BEEN DEVELOPED IN OTHER COUNTRIES. SUCH TECHNOLOGY IS HIGHLY CLASSIFIED AND UNDER CLOSE CONTROL OF FOREIGN GOVERN-MENTS.

AS A RESULT, A PRIVATE COMPANY COULD NOT OBTAIN ACCESS TO FOREIGN ENRICHMENT TECHNOLOGY WITHOUT A GOVERNMENT-TO-GOVERNMENT AGREEMENT ENSURING THE PROTECTION OF THE INFORMATION. GOVERNMENT OFFICIALS ARE INVESTIGATING THE FORM OF INTERGOVERN-MENTAL AGREEMENTS WHICH MIGHT BE NECESSARY. IF AN ENRICHMENT PLANT PROPOSAL IS SHOWN TO BE IN THE NATIONAL INTEREST AND PROVIDED THE TERMS ARE CONSIDERED TO BE REASONABLE THE FEDERAL GOVERNMENT IS PREPARED TO NEGOTIATE SUCH AGREEMENTS.

FACTORS WHICH THE GOVERNMENT WILL CONSIDER WHEN ASSESSING A PROPOSAL INCLUDE:

1) THE OPTIMUM USE OF CANADIAN ENERGY RESOURCES;

2) THE EXTENT TO WHICH CANADIAN URANIUM PRODUCERS WOULD HAVE ACCESS TO THE ENRICHMENT PLANT BOTH FOR PROCESSING SERVICES AND FOR THE SUPPLY OF URANIUM FEED MATERIAL;
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3) THE EXTENT TO WHICH CANADIANS WOULD PARTICIPATE IN THE FINANCING, ENGINEERING, CONSTRUCTION, OPERATION, SUPPLY OF MATERIALS AND EQUIPMENT, OWNERSHIP AND MANAGEMENT OF THE FACILITY;

4) THE TIMING OF THE PROJECT IN RELATION TO OTHER MAJOR CONSTRUCTION PROJECTS IN CANADA;

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5) THE DETAILS OF FINANCING; THE GOVERNMENT WOULD LIKELY MONITOR THE MOVEMENT OF FUNDS IN AND OUT OF CANADA IN RESPECT OF THE PROJECT;

6) THE CONTRACTUAL ARRANGEMENTS WITH ANY FOREIGN PARTICIPANTS AND WITH THE SUPPLIER OF THE ENCIRCHMENT TECHNOLOGY;

7) EFFECT ON THE ENVIRONMENT;

8) NATIONAL AND REGIONAL ECONOMIC IMPACT, BOTH SHORT AND LONG-TERM.

IT IS EXPECTED THAT INTERESTED FIRMS WILL DISCUSS WITH GOVERNMENT OFFICIALS AT APPROPRIATE STAGES ANY PROPOSALS FOR URANIUM ENCIRHMENT WHICH THEY MIGHT BE DEVELOPING.
END QUOTE
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